

**Statement of Congresswoman Madeleine Z. Bordallo**  
**Before the House Committee on the Budget**  
**Fiscal Year 2005 Budget Resolution**  
**March 3, 2004**

Thank you very much Chairman Nussle and Ranking Member Spratt for allowing me to testify before the House Budget Committee regarding the Administration's Fiscal Year 2005 Budget proposal. While the Administration's proposed Budget adequately funds the Department of Defense (DOD) in its mission to protect our nation from exterior targets, I respectfully request that the Budget Committee consider augmenting the Administration's DOD Budget to include more funding for Weapons of Mass Destruction – Civil Support Teams in every State and Territory. Furthermore, I am looking to your leadership to help me address three other non-defense issues that will be important to Guam in this year's Budget Resolution including Federal responsibility for the Earned Income Tax Credit (EITC) on Guam and the Virgin Islands, funding for the Department of Housing and Urban Development's (HUD's) Section 108 Loan Guarantee Program, and disparity in the application of federal health programs on Guam.

*National Guard Weapons of Mass Destruction Civil Support Teams:*

Much like this year and last, our National Guard will continue their service in defending our freedom at home and across the world in Fiscal Year 2005 and beyond. In fighting the War on Terrorism, these volunteers have demonstrated the value of our investment in their training, facilities and equipment. As I review the list of those from Guam called upon to serve, I notice a disturbing trend: Colonel Cruz, a surgeon; Captain Garces, a nurse; and Major Valles, a dentist. Each is a trained professional that our small island community relies upon for health services, and each is going to be deployed. The 1224<sup>th</sup> Engineering Detachment and 294<sup>th</sup> Military Intelligence Detachment are composed of servicemen and women who are also policemen, firemen and emergency services personnel on Guam. If this trend is occurring on Guam, it is happening across the nation, and we must account for it in the Budget Resolution.

Given this demand on our emergency specialists, we must do all we can to bolster emergency response capabilities in the field. Specifically, I would like to see the Budget fully fund the requirement under Public Law 107-314, that each State and Territory have a Weapons of Mass Destruction - Civil Support Team. This Budget includes funding for only four additional teams. These units enter the site of a terrorist attack to detect the use of chemical, biological, or nuclear weapons. Without them, our first responders may themselves become victims. In 2002, Congress authorized each State and Territory to have a team, but this Budget does not reflect our intent. At this rate, it will be another three years at least before it is close to completion. So, I ask you, does your State have a team? Even if the answer to that question is yes, what will you do when that unit is called away to a Territory that does not have one, like Guam? To make sure that the answer is yes, I respectfully urge the Budget Committee to consider increasing the President's request for the Department of Defense by \$54.4 million to ensure each State

and Territory has a team. That way our National Guard can head to Iraq, knowing someone is guarding the home front.

*Tax Cuts:*

In its Fiscal Year 2005 Budget, the Administration proposes to make permanent both the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA). As the Guam Tax Code mirrors that of the Internal Revenue Code, it is important to me that the Budget Resolution takes into account the impact of any legislation affecting the Internal Revenue Code on the territories under the “Mirror Code” arrangement.

The cost of implementing the Earned Income Tax Credit (EITC) on Guam is estimated at \$25 million per year. This tax credit constitutes approximately 6% of the projected Government of Guam revenues for Fiscal Year 2005. As a “Mirror Code” jurisdiction, the Virgin Islands must also bear the disproportionate burden of the EITC for its taxpayers.

The EITC provides important tax relief to low-income families. However, given the current strain on the Government of Guam’s treasury, I am hopeful that this year Congress will address the longstanding issue of the Federal sharing of financial responsibility for the EITC on Guam and the Virgin Islands. The Virgin Islands has proposed a regulatory solution that would result in a 60/40 cost sharing arrangement between the Federal government and “Mirror Code” territories, utilizing provisions in existing law. Additionally, I have proposed a legislative solution as part of a more comprehensive insular areas tax fairness proposal (H.R. 2186). Therefore, I respectfully request that the Budget Resolution takes into account the Federal responsibility for Earned Income Tax Credits (EITC) for territories such as Guam and the Virgin Islands, whose tax codes mirror that of our Federal tax code.

*HUD Section 108 Loan Guarantee Program:*

The Administration has proposed zero funding for new guaranteed loans under the Department of Housing and Urban Development’s (HUD’s) Section 108 Loan Guarantee Program. This program is a very useful tool for state, territorial and local governments to utilize their Community Development Block Grant (CDBG) allotments to address larger, long-term projects. I am hopeful that the Budget Resolution will take into account funding to continue this important HUD program.

Last year, I worked with my colleagues to pass legislation that now allows the Territories to participate in “Section 108” (P.L. 108-186, Title V). “Section 108” is a highly successful program that is very popular in cities and municipalities throughout the country, and I look forward to the Government of Guam being able to utilize its new authority to apply for these loans. I urge Congress to continue providing sufficient funding to support “Section 108” in this year’s Budget Resolution.

*Health Disparities in Federal Programs*

Finally, I want to call your attention to the continuing health disparities facing Guam and the other Territories. The lack of adequate facilities, reliable funding streams, up-to-date equipment and the shortage of providers and specialists make it difficult to provide quality health care to all residents. Adding to this problem is the cap on Federal Medicaid and the new cap on Medicare payments for prescription drug programs. I respectfully request that the Budget Committee work with the Territories to address a fair and equitable solution to this issue in the Fiscal Year 2005 Budget Resolution.

Thank you for considering my views with regards to the Administration's 2005 Budget.